

## Message Text

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PAGE 01 REYKJA 01153 281750Z

45

ACTION EUR-25

INFO OCT-01 IO-15 ISO-00 EURE-00 COA-02 EB-11 INT-08

ACDA-19 COME-00 CG-00 CIAE-00 PM-07 INR-10 L-03

NEA-10 NSAE-00 PA-03 RSC-01 PRS-01 SPC-03 USIA-15

TRSE-00 MBFR-04 SAJ-01 H-03 NSC-10 SS-15 DRC-01 /168 W

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P 281633Z SEP 73

FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC PRIORITY 4008

INFO AMEMBASSY LONDON PRIORITY

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

USEC BRUSSELS

USOECN PARIS 530

USMISSION GENEVA

USMISSION USUN

USMISSION NATO

SECDEF

CINCLANT

COMICEDEFOR

NISRA/KEFLAVIK

C O N F I D E N T I A L REYKJAVIK 1153

DEPT PASS AMB IRVING EUR/NE

E.O. 11652: GDS

TAGS, PFOR IC UK

SUBJECT: FISHERIES DISPUTE: REACTION TO HEATH LETTER

REF: A) REYKJAVIK 1146 B) LONDON 10886

1. BEGIN SUMMARY. ALTHOUGH THE LETTER FROM PRIMIN HEATH

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PAGE 02 REYKJA 01153 281750Z

TO PRIMIN JOHANNESSEN ON FISHERIES DISPUTE HAS CAUSED GOI

TO POSTPONE SEVERANCE OF DIPLOMATIC RELATIONS WITH BRITISH UNTIL OCTOBER 3, THERE ARE NO INDICATIONS GOI WILL TAKE MORE CONCILIATORY STAND ON RESUMPTION OF NEGOTIATIONS. END SUMMARY.

2. LETTER FROM HEATH TO JOHANNESSON URGING RESUMPTION OF NEGOTIATIONS WAS APPARENTLY INFLUENTIAL IN GOI CABINET DECISION TO GIVE BRITISH UNTIL OCT 3 TO REMOVE NAVAL VESSELS AND TUGS FROM 50 MILE ZONE OR FACE SEVERANCE OF DIPLOMATIC RELATIONS.

3. TEXT OF HEATH LETTER AS PUBLISHED IN ICELANDIC PRESS SEPT 28 CONTAINED OFFER TO REMOVE NAVAL VESSELS DURING UNSPECIFIED "COOLING OFF" PERIOD DURING WHICH BOTH GOVTS WOULD CONSIDER RESUMPTION OF NEGOTIATIONS. BRITISH REMOVAL OF NAVAL VESSELS STILL CONDITIONED ON GOI ASSURANCES THAT ALL COAST GUARD HARASSMENT OF TRAWLERS CEASE. HOWEVER, LETTER CONTAINED ADDITIONAL PROMISE (AND THIS IS NEW ELEMENT) THAT BRITISH WOULD SEEK TO RESTRICT FISHING ACTIVITIES IN 12 TO 50 MILE ZONE DURING COOLING OFF PERIOD AND NOT AS PART OF NEGOTIATIONS WHICH WOULD FOLLOW. CATCH LIMIT UNDER THIS RESTRICTION (WHICH WOULD TAKE FORM OF VOLUNTARY RESTRAINT ON PART OF BRITISH INDUSTRY) WAS LEFT UNSPECIFIED. LETTER EXPRESSED CONCERN OVER DECLINE OF TRADITIONAL GOOD RELATIONS BETWEEN UK AND ICELAND, NOTED CLOSE PROXIMITY OF TWO SIDES' POSITIONS WHEN NEGOTIATIONS WERE BROKEN OFF IN MAY, AND REFERRED TO LIMITED DURATION (TWO YEARS OR THEREABOUTS) OF INTERIM AGREEMENT DURING WHICH LEGAL ASPECTS OF CASE WOULD BE SET ASIDE PENDING LOS CONFERENCE DETERMINATION OF FISHERIES LIMITS.

4. GOI MINISTERS HAVE PUBLICLY TAKEN POSITION THAT RESOLUTION ON SEVERANCE OF DIPLOMATIC RELATIONS HAS ONLY BEEN POSTPONED. NEW CABINET RESOLUTION FOLLOWING SEPT 27 MEETING READS AS FOLLOWS:

"THE CABINET RESOLVES TO INFORM THE BRITISH GOVT THAT IF BRITISH WARSHIPS AND TUGBOATS HAVE NOT LEFT FISHING LIMITS BEFORE WEDNESDAY, OCTOBER 3, 1973 THE SEVERING OF DIPLOMATIC RELATIONS WITH BRITISH WILL BECOME EFFECTIVE IN ACCORDANCE WITH THE RESOLUTION ADOPTED BY THE CABINET ON SEPTEMBER 11, 1973." IN AN INTERVIEW PUBLISHED IN MORGUNBLADID SEPT 28, CONFIDENTIAL

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PAGE 03 REYKJA 01153 281750Z

JOHANNESSON IS QUOTED AS FOLLOWS: "WE ARE ONLY GIVING THEM THIS OPPORTUNRITY TO WITHDRAW THE WARSHIPS AND WE ARE PUTTING THE ISSUE OR QUESTION ON WHETHER TO SEVER DIPLOMATIC RELATIONS IN THE HANDS OF THE BRITISH. ALSO SAID BEFORE TEXT OF HEATH'S LETTER WAS RELEASED THAT HE SAW "NOTHING NEW" IN IT. FONMIN AGUSTSSON REPORTEDLY SAID "I HOPE THAT THE BRITISH WILL TAKE THIS LAST WARNING SERIOUSLY AND SEE TO IT THAT WE DO NOT HAVE TO SEVER DIPLOMATIC RELATIONS. IT IS

CLEAR THAT NO NEGOTIATIONS CAN TAKE PLACE WHILE THEIR WARSHIPS  
ARE WITHIN THE 50 MILE LIMITS AS WE HAVE REPEATEDLY STATED."

5. IT APPEARS LIKELY THAT GOI DOES NOT INTEND TO COMMIT ITSELF  
TO STOP HARASSING BRITISH TRAWLERS AND INTENDS TO ADHERE TO  
ITS STANDARD POSITION THAT NO NEGOTIATIONS ARE POSSIBLE UNLESS  
BRITISH WITHDRAW NAVAL UNITS WITHOUT CONDITIONS.  
MARTIN

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
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**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Page Count:** 3  
**Previous Channel Indicators:**  
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**Previous Handling Restrictions:** n/a  
**Reference:** A) REYKJAVIK 1146 B) LONDON 10886  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** smithrj  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 12 SEP 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <12-Sep-2001 by martinml>; APPROVED <27-Nov-2001 by smithrj>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FISHERIES DISPUTE: REACTION TO HEATH LETTER  
**TAGS:** PFOR, IC, UK  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005